

LAW OFFICES

ALVORD AND ALVORD

200 WORLD CENTER BUILDING

918 SIXTEENTH STREET, NEW ORLEANS, LA. 70112

WASHINGTON, D.C.

20006-2976

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)ROBERT W. ALVORD*
CARL C. DAVIS*
CHARLES T. KAPPLER
JOHN H. DOYLE*
GEORGE JOHN KETO*
MILTON C. GRACE*
JAMES C. MARTIN, JR.**NOT A MEMBER OF D.C. BAR
*ALSO ADMITTED IN NEW YORK
*ALSO ADMITTED IN OHIO
*ALSO ADMITTED IN MARYLANDOF COUNSEL
JESS LARSON
JOHN L. INGOLDSBY
URBAN A. LESTERCABLE ADDRESS
"ALVORD"TELEPHONE
AREA CODE 202
393-2266TELEX
440367 A AND A

INTERSTATE COMMERCE COMMISSION

DEC 16 1985 - 2 10 PM

December 16, 1985

INTERSTATE COMMERCE COMMISSION

No. 5-350A073

Date DEC 16 1985

Fee \$ 20.00

ICC Washington, D.C.

Mr. James H. Bayne
Secretary
Interstate Commerce Commission
Washington, D.C.

Dear Mr. Bayne:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. §11303 are two fully executed copies each of 1) a Bridge Loan, Chattel Mortgage and Security Agreement dated December 13, 1985 and 2) an Assignment of Leases dated as of December 13, 1985, primary and secondary documents, respectfully, as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed documents are:

Mortgagor/

Assignor: ACF Industries, Incorporated
1370 Avenue of the Americas
New York, New York 10019

Mortgagee/

Assignee: Fleet National Bank, individually
and as agent
111 Westminster Street
Providence, Rhode Island

A description of the railroad equipment covered by the enclosed documents is set forth in Schedule A attached hereto and made a part hereof.

Also enclosed is a check in the amount of \$20 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

C. T. Kappler

DEC 16 12 02 PM '85
MOTOR VEHICLE UNIT

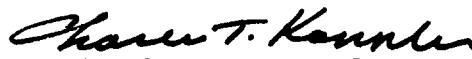
Mr. James H. Bayne
Secretary
Interstate Commerce Commission
December 16, 1985
Page Two

Kindly return one copy each of the enclosed documents to Charles T. Kappler, Esq., Alvord and Alvord, 918 Sixteenth Street, N.W., Washington, D.C. 20006.

A short summary of the enclosed primary and secondary documents to appear in the Commission's Index is:

Bridge Loan, Chattel Mortgage and Security Agreement dated December 13, 1985 and Assignment of Leases dated as of December 13, 1985, each between ACF Industries, Incorporated, and Fleet National Bank, individually and as agent, covering three hundred forty-three (343) new railroad hopper cars and thirty-five (35) new railroad tank cars.

Very truly yours,


Charles T. Kappler

SCHEDULE A

<u>Car Numbers</u>	<u>Date Built</u>	<u>Car Cost</u>	<u>AAR Des.</u>
39480 - 39491	11/85	\$ 549,864	C214
39553		\$ 45,572	
39555 - 39564		\$ 455,72	
39566		\$ 45,572	
39347	8/85	\$ 43,468	
39421 - 39422	9/85	\$ 89,110	
39436 - 39437	9/85	\$ 89,110	
39449 - 39460	10/85	\$ 445,272	
39461 - 39472	10/85	\$ 445,284	
38981 - 38984	8/85	\$ 184,352	
38986		\$ 46,088	
38988		\$ 46,088	
38990 - 38992		\$ 138,264	
38994 - 38995		\$ 92,176	
38997 - 38999		\$ 138,264	
39006		\$ 46,008	
39008 - 39027		\$ 921,760	
39029 - 39030		\$ 92,176	
39032 - 39034		\$ 138,264	
39036		\$ 46,088	
39038		\$ 46,088	
39040		\$ 46,088	
38980		\$ 46,659	
38985		\$ 46,659	
38987		\$ 46,659	
38989		\$ 46,659	
38993	8/85	\$ 46,659	
38996		\$ 46,659	
39000 - 39005		\$ 279,954	
39007		\$ 46,659	
39028		\$ 46,659	
39031		\$ 46,659	
39035		\$ 46,659	
39037		\$ 46,659	
39039		\$ 46,659	
39041 - 39058		\$ 839,862	
39059 - 39079		\$ 979,860	
39193 - 39242		\$ 2,262,900	LOC; C214
40301 - 40351		\$ 2,244,714	
40353		\$ 44,014	
40352	11/85	\$ 50,111	
40355 - 40392		\$ 1,904,218	
40394 - 40400		\$ 350,777	

<u>Car Numbers</u>	<u>Date Built</u>	<u>Car Cost</u>	<u>AAR Des.</u>
39473 - 39474	11/85	\$ 128,432	C614
39476		\$ 64,216	
39478		\$ 64,216	
51166 - 51170	11/85	\$ 336,730	
51172		\$ 67,346	
51174 - 51175		\$ 134,692	
51076	11/85	\$ 67,570	
51082			
51086			
51088			
51090			
51177	11/85	\$ 67,278	
51017 - 51023	7/85	\$ 454,822	
51024 - 51040	7/85	\$ 1,064,826	
71141 - 71160	10/85	\$ 861,780	T104
71230 - 71239	11/85	\$ 417,030	T105
71161	10/85	\$ 81,128	
71182	11/85	\$ 53,685	T106
71184 - 71186		\$ 161,055	
Total Cars 378			

5LB184
121385

RECORDATION NO. 14863 Filed 12/16/85

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INTERSTATE COMMERCE COMMISSION

BRIDGE LOAN, CHATTEL MORTGAGE AND SECURITY AGREEMENT

AGREEMENT, made this 13th day of December, 1985, by and between:

ACF INDUSTRIES, INCORPORATED, a New Jersey corporation, with an office at 1370 Avenue of the Americas, New York, New York 10019 (hereinafter referred to as the "Debtor"); and

FLEET NATIONAL BANK, a national banking association, having an office at 111 Westminster Street, Providence, Rhode Island, individually ("FNB") and in its capacity as agent for the ratable benefit of the Banks (as such term is defined below) (in such capacity, the "Agent").

W I T N E S S E T H:

The Debtor desires to borrow certain sums from the Banks and the Banks are willing, subject to and upon the terms and conditions herein set forth, to lend such sums to the Debtor.

NOW, THEREFORE, IT IS AGREED:

1. Definitions. For all purposes of this Agreement, unless the context otherwise requires:

"Additional Collateral" shall mean, with respect to any Loan to be made hereunder at any time, railroad rolling stock which was manufactured and is owned by the Debtor and which has not been subject to a lien in favor of the Agent prior to such time, or railroad rolling stock which has been purchased by the Debtor within 10 days of the making of such Loan and which has not been subject to a lien in favor of the Agent prior to such time.

"Assignment" shall mean the Assignment of Leases dated as of the date hereof by the Debtor as Assignor, to the Agent as Assignee.

"Bank" shall mean FNB, Dollar Dry Dock Savings Bank and each other person listed on Schedule A attached hereto (as the same may from time to time be amended or modified pursuant to the terms of any Joinder Agreement); provided, however, that no other person at any time shall be considered to be a Bank hereunder until the Debtor, the Agent and each of the Banks in existence at such time shall have executed and delivered to such person a Joinder Agreement addressed to such person. No Bank shall be under any obligation under any circumstances to execute any Joinder Agreement, and without limitation of the foregoing, any Bank may require in connection with its execution of a Joinder Agreement that it receive

whatever information and documents (including without limitation the documents described in Section 3 hereof) as it or its counsel may request in its sole discretion, and that such information and documents be satisfactory to it and its counsel in its sole discretion.

"Business Day" shall mean any day which is not a Saturday or a Sunday and on which banks in the State of New York are not authorized or required to close.

"Code Section 4975" shall mean, at any date, Section 4975 of the Internal Revenue Code of 1954, as the same shall be in effect at such date.

"Collateral" shall have the meaning set forth in Section 4 hereof.

"Commitment" shall mean, as to each Bank, the amount set opposite such Bank's name on the signature page hereof or of such Bank's Joinder Agreement, as the case may be, under the caption "Commitment."

"Cost" shall mean, with respect to any item of railroad rolling stock not built by the Debtor, the price of such item as shown on the invoice for such item delivered to the Agent and each of the Banks pursuant to Section 3(b)(ii) or Section 3(c)(ii) hereof, exclusive of (i) any amount included in such price consisting of preparation, handling, freight, storage or other like charges or (ii) any sales, excise or other taxes payable in connection with the sale of such item, and, with respect to any item of railroad rolling stock built by the Debtor, the so-called "car-builder's cost" including direct cost of labor and material and overhead, but excluding the overhead of the Debtor's corporate headquarters and any manufacturing profit.

"Equipment" shall mean all of the railroad rolling stock described on Schedule B annexed hereto which is intended for use in interstate commerce, together with any standard gauge rolling stock (other than locomotives or passenger or work equipment) hereinafter subjected to the lien of this Agreement.

"ERISA" shall mean, at any date, the Employee Retirement Income Security Act of 1974 and the regulations thereunder, all as the same shall be in effect at such date.

"Event of Default" shall have the meaning set forth in Section 11 hereof.

"Indenture" shall mean the Indenture dated as of December 15, 1984 between the Debtor and FNB, as Trustee, as amended and supplemented from time to time.

"Joinder Agreement" shall mean an agreement executed at any time and from time to time by the Debtor, the Agent and the Banks in existence at such time, substantially in the form of Exhibit A attached hereto.

"Leases" shall mean the lease agreements entered into and to be entered into by the Debtor with the Lessees, providing for the leasing of units of the Equipment by the Debtor to the Lessees, at the respective rentals and upon the other terms and conditions therein provided.

"Lessees" shall mean various industrial shippers and others who, with the Debtor, are parties to the Leases.

"Loan" shall mean each loan made at any time prior to December 31, 1986 to the Debtor in accordance with the terms hereof, provided that on the date of the making of such loan (a) the person making such loan shall be a Bank, and (b) the Agent shall have been granted a first priority perfected security interest in Additional Collateral, and the amount of such loan is not greater than 85% of the Cost of such Additional Collateral.

"1985 Loan Agreement" shall mean the Loan Agreement dated May 3, 1985 by and among the Debtor, certain banks signatory thereto and National Westminster Bank USA, as agent for such banks.

"Note" and "Notes" shall have the respective meaning set forth in Section 2(b) hereof.

"Obligations" shall have the meaning set forth in Section 4 hereof.

"Officers' Certificate" shall mean a certificate signed by the Chairman of the Board, Vice-Chairman of the Board, President, Vice-President or Treasurer of the Debtor.

"Opinion of Counsel" shall mean an opinion in writing signed by legal counsel who shall be reasonably satisfactory to the Agent and who may be an employee of or of counsel to the Debtor. The acceptance by the Agent of, and its action on an Opinion of Counsel shall be conclusive evidence that such counsel is satisfactory to the Agent.

A "person" shall include an individual, a corporation, an association, a joint stock company, a business trust, a partnership, a joint venture, an unincorporated organiza-

tion, or a government or any agency or political subdivision thereof.

"ratable", when used to refer to the relative interests of each of the Banks hereunder and under the other Security Document, shall be computed at any time with respect to any Bank on the basis of the ratio of (i) the principal balance of Loans outstanding at such time evidenced by a Note to the order of such Bank, to (ii) the principal balance of all Loans outstanding at such time.

"Security Documents" shall mean this Agreement and the Assignment, as either of the foregoing may from time to time be amended, modified, supplemented or restated.

"Subsidiary" shall mean any corporation, of which more than 50% of the outstanding stock having ordinary voting power to elect a majority of the Board of Directors of such corporation is at the time directly or indirectly owned by the Debtor, or by one or more of its subsidiaries, or by the Debtor and one or more of its subsidiaries.

2. Amount and Terms of Loans.

(a) (i) Subject to and upon the terms and conditions herein set forth, each Bank may make Loans to the Debtor on or before December 31, 1986 in an aggregate principal amount at any one time outstanding up to, but not exceeding, the Commitment of such Bank as then in effect. Subject to the terms of this Agreement, the Debtor may borrow, prepay (as provided in subsection (e)) and reborrow the amount of the Commitments. Each Loan shall be in immediately available funds in the amount of \$500,000 or an integral multiple thereof. Each Loan shall be made at 11:00 A.M., New York time, at the offices of Messrs. Kaye, Scholer, Fierman, Hays & Handler, 425 Park Avenue, New York, New York, or at such other time or place as may be agreed upon by the Debtor, the Agent and the Banks.

(ii) Each borrowing from the Banks under this Section 2(a) shall be made from the Banks pro rata in accordance with their respective Commitments.

(b) Each Bank's Loans shall be evidenced by a single promissory note to the order of the Bank making such Loans substantially in the form of Exhibit B annexed hereto (each such note, as it may from time to time be modified, amended, supplemented or restated, is herein referred to as a "Note", and all such Notes are herein collectively referred to as the "Notes") which shall be payable to the order of such Bank in a principal amount equal to such Bank's Commitment, dated the date of such Bank's initial Loan and duly executed by the

Debtor with blanks appropriately filled in conformity herewith. The Notes shall be payable upon demand (and in any event no later than December 31, 1986), and shall be subject to prepayment as provided in this Section 2. All Loans made by each Bank hereunder and all payments and prepayments made on account of the principal thereof shall be recorded by such Bank on the schedule attached to the relevant Note; provided, however, that a Bank's failure to make such notation with respect to any Loan shall not limit or otherwise affect the obligation of the Debtor herein or under such Bank's Note with respect to any such Loan, and payments by the Debtor shall not be affected by failure to make a notation thereof on said schedule.

(c) The Notes shall bear interest from the date thereof to maturity on the unpaid principal balance thereof at a rate equal to one-half of one percent ($1/2\%$) per annum in excess of the prime lending rate announced by FNB from time to time as its prime rate of interest (the "Prime Rate"), which interest rate shall change when and as the Prime Rate shall change, and after maturity (whether by acceleration, demand or otherwise) at a rate two and one-half percent ($2-1/2\%$) per annum in excess of the Prime Rate (the "Post Maturity Rate"), which rate shall change as aforesaid; provided, however, that the Post Maturity Rate shall not become applicable to the Notes until two days after such date of maturity. Interest on the Notes shall be payable in arrears monthly on the first day of each month, commencing January 1, 1986, until maturity, and thereafter upon demand. Interest shall be calculated on the basis of a 360 day year and actual days elapsed. In no event shall the rate of interest on any of the Notes exceed the maximum rate authorized by applicable law.

(d) The Debtor shall from time to time (until payment in full of the Notes), upon the substantial destruction of any of the Equipment, at its option, either grant to the Agent for the ratable benefit of the Banks a lien on other similar railroad rolling stock (by its execution and delivery of the documents and instruments referred to in Section 3(b)(ii) hereof) which has a Cost at least equal to that of the Equipment substantially destroyed, or make a payment in respect of the Loans in an amount not less than 85% of the Cost of such destroyed Equipment.

(e) Upon not less than three Business Days' prior written notice to the Agent, the Debtor shall have the right to prepay the Notes from time to time ratably in part in amounts of \$500,000 or an integral multiple thereof or at any time in whole. Upon the giving of notice of prepayment pursuant to this Section 2(e), the amount therein specified to be prepaid shall be due and payable on the date therein specified for such prepayment, together with accrued interest thereon to

such date. No prepayment pursuant to this Section 2(e) of less than the entire unpaid principal amount of the Notes shall be credited to or relieve the Debtor to any extent from its obligation to make any prepayment required by Section 2(d). Upon any such prepayment, the Debtor may request that Collateral consisting of railroad rolling stock be released in accordance with the terms of Section 22 hereof.

(f) Whenever any payment to be made hereunder or on any Note shall become due and payable on a day which is not a Business Day, such payment may be made on the next succeeding Business Day and, in the case of any payment of principal, such extension of time shall in such case be included in computing interest on such payment.

(g) The Debtor shall make each payment or prepayment hereunder and under the Notes not later than 1:00 p.m. (New York City time) on the day when due in lawful money of the United States of America to the Agent at its office at 111 Westminster Street, Providence, Rhode Island, or at such other place as the Agent may from time to time designate, in immediately available funds for the account of the Agent. The Agent shall promptly distribute to each of the Banks in immediately available funds its ratable share of all payments or prepayments of any kind received by the Agent on account of the Loans; provided, however, that if claim is ever made upon the Agent for repayment or recovery of any amount received by it on account of the Loans, and the Agent repays all or part of said amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over the Agent or any of its properties, or (ii) any settlement or compromise of any such claim effected by the Agent with any such claimant (including without limitation the Debtor), then and in such event each of the Banks agrees to promptly return to the Agent any payment made by the Agent to such Bank under this Section 2(g) with respect to the amount so repaid or recovered.

(h) The Debtor agrees that the proceeds of all borrowings hereunder shall be used for working capital purposes, including the construction of new railroad rolling stock.

(i) The Debtor shall pay to the Agent for the account of each Bank a commitment fee (the "Commitment Fee") at the rate of 1/2 of 1% per annum on the daily average unused amount of such Bank's Commitment hereunder, for the period from the date hereof to and including the date on which the Loans have been repaid in full. The accrued Commitment Fee shall be payable quarterly on the last day of every calendar quarter following the date hereof until the Loans have been repaid in full.

3. Conditions Precedent.

(a) Prior to the making of the initial Loans hereunder on the date hereof, the following conditions precedent shall have been satisfied in a manner satisfactory in form and substance to the Banks and the Agent:

(i) each of the Security Documents shall have been duly executed by the Debtor for recording with the Interstate Commerce Commission, together with financing statements to be recorded pursuant to the Uniform Commercial Code with the filing officers in and for the State of Missouri and the County of St. Louis, State of Missouri and such Security Documents and financing statements shall have been delivered by the Debtor to the Agent with sufficient copies for each of the Banks;

(ii) the Agent shall have received (with sufficient copies for each of the Banks) (x) certified copies of the resolutions of the Board of Directors of the Debtor approving this Agreement, the Assignment, and each of the other instruments and documents executed by the Debtor and delivered to the Agent and the Banks pursuant to this Agreement, which copies shall have been certified by a Secretary or an Assistant Secretary of the Debtor as of the date such Loan is made, and (y) certified copies of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect thereto; and

(iii) the Agent shall have received (with sufficient copies for each of the Banks) the insurance certificates referred to in Section 9 and the financial statements of the Debtor and its Subsidiaries referred to in Section 19(g).

(iv) each of the Banks shall have received a Note to its order in the amount of its Commitment, which Note shall have been duly executed and delivered by the Debtor;

(v) the Agent shall have received (with sufficient copies for each of the Banks) a certificate of the Secretary or an Assistant Secretary of the Debtor dated as of the date such Loan is made, certifying the names and true signatures of

the officers of the Debtor authorized to sign each document to which it is signatory and which is to be delivered by it hereunder;

(vi) the Agent shall have received (with sufficient copies for each of the Banks) favorable opinions of counsel for the Debtor as to all matters specified in subsections (a), (c), (e), (f) and (i) of Section 19, to all matters specified in the second sentence of subsection (d) thereof and to the further effect that all documents required pursuant hereto have been duly executed and delivered by the Debtor and that such documents, upon any filing or recording required under applicable law, create a valid and enforceable first priority security interest in the collateral therein described, which opinions shall be dated the date such Loan is made, addressed to the Agent, and otherwise be in form and substance satisfactory to the Agent; and

(vii) the Agent shall have received (with sufficient copies for each of the Banks) a certificate signed by a duly authorized officer of the Debtor, dated the date of such Loan, stating that (w) all of the proceeds of such Loan are to be applied in accordance with Section 2(h) hereof; (x) all representations and warranties contained in this Agreement or in the Assignment are true and correct on and as of the date of such Loan as though made on and as of such date; (y) no event has occurred and is continuing, or would result from such Loan, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapsed or both; and (z) there has been no material adverse change in the condition, financial or otherwise, of the Company since the date of this Agreement.

(b) Prior to the making by a Bank which becomes a party hereto subsequent to the date hereof of its initial Loan hereunder, the following additional conditions precedent shall have been satisfied in a manner satisfactory in form and substance to each of the Banks and the Agent:

(i) such Bank shall have received a Note to its order in the amount of its Commitment, which Note shall have been duly executed and delivered by the Debtor;

(ii) amendments to each of the Security Documents, together with appropriate instruments to be recorded with the Interstate Commerce Commission and financing statements to be recorded pursuant to the Uniform Commercial Code, including, without limitation, supplements to the Assignment and this Agreement in substantially the forms annexed hereto as Exhibit C and Exhibit D respectively, shall have been duly executed and delivered by the Debtor and the Agent to provide for the granting to the Agent (for the ratable benefit of the Banks)

of a first priority perfected security interest in the Additional Collateral with respect to such Loan, and copies of such instruments and documents, together with a copy of the invoices for the purchase by the Debtor of such Additional Collateral (if purchased), or other satisfactory evidence of its Cost (if built by the Debtor) shall have been received by the Agent with sufficient copies for each of the Banks;

(iii) the Agent shall have received (with sufficient copies for each of the Banks) (x) certified copies of the resolutions of the Board of Directors of the Debtor approving the Note, the agreements and instruments referred to in subparagraph (ii) above and each of the other instruments and documents executed by the Debtor pursuant to any of the foregoing, which copies shall have been certified by a Secretary or an Assistant Secretary of the Debtor as of the date such Loan is made, and (y) certified copies of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect thereto;

(iv) the Agent shall have received (with sufficient copies for each of the Banks) a certificate of the Secretary or an Assistant Secretary of the Debtor dated as of the date such Loan is made, certifying the names and true signatures of the officers of the Debtor authorized to sign each document to which it is signatory and which is to be delivered by it hereunder;

(v) the Agent shall have received (with sufficient copies for each of the Banks) a favorable opinion of counsel for the Debtor as to all matters specified in subsections (a), (c), (e), (f) and (i) of Section 19, to all matters specified in the second sentence of subsection (d) thereof, and to the further effect that all documents required pursuant hereto have been duly executed and delivered by the Debtor and that such documents, upon any filing or recording required under applicable law, create a valid and enforceable first priority security interest in the collateral therein described, which opinion shall be dated the date such Loan is made, addressed to the Agent, and otherwise be in form and substance satisfactory to the Agent; and

(vi) the Agent and such Bank shall have received a certificate signed by a duly authorized officer of the Debtor, dated the date of such Loan, stating that (w) all of the Proceeds of the Loan are to be applied in accordance with Section 2(h) hereof; (x) all representations and warranties contained in this Agreement or in the Assignment are true and correct on and as of the date of such Loan as though made on and as of such date; (y) no event has occurred and is continuing, or would result from such Loan, which constitutes an Event of Default or would constitute an Event of Default but for the re-

quirement that notice be given or time elapsed or both; and (z) there has been no material adverse change in the condition, financial or otherwise, of the Company since the date of this Agreement.

(c) Prior to the making by a Bank of any additional Loans hereunder, the following conditions precedent shall have been satisfied in a manner satisfactory in form and substance to the Banks and the Agent:

(i) amendments to each of the Security Documents, together with appropriate instruments to be recorded with the Interstate Commerce Commission and financing statements to be recorded pursuant to the Uniform Commercial Code, including, without limitation, supplements to the Assignment and this Agreement in substantially the forms annexed hereto as Exhibit C and Exhibit D respectively, shall have been duly executed and delivered by the Debtor and the Agent to provide for the granting to the Agent (for the ratable benefit of the Banks) of a first priority perfected security interest in the Additional Collateral with respect to such Loan, and copies of such instruments and documents, together with a copy of the invoices for the purchase by the Debtor of such Additional Collateral (if purchased), or other satisfactory evidence of its Cost (if built by the Debtor) shall have been received by the Agent with sufficient copies for each of the Banks; and

(ii) the Agent and such Bank shall have received a certificate signed by a duly authorized officer of the Debtor, dated the date of such Loan, stating that (w) all of the proceeds of such Loan are to be applied in accordance with Section 2(h) hereof; (x) all representations and warranties contained in this Agreement or in the Assignment are true and correct on and as of the date of such Loan as though made on and as of such date; (y) no event has occurred and is continuing, or would result from such Loan, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapsed or both; and (z) there has been no material adverse change in the condition, financial or otherwise, of the Company since the date of this Agreement.

4. Security Interest.

To secure the due payment, performance and observance of all indebtedness, obligations, liabilities and agreements of any kind of the Debtor to the Agent or any of the Banks, now existing or hereafter arising, absolute or contingent, due or not, contractual or tortious, liquidated or unliquidated, arising under (i) any of the Notes, or (ii) any Security Document (all of the foregoing being herein referred to as the "Obligations"), the Debtor hereby assigns, mortgages,

pledges, hypothecates, transfers and sets over to the Agent and grants to the Agent, its successors and permitted assigns, a first lien (subject to the provisions of paragraph 5 hereof) upon and security interest in all assets of the Debtor set forth, referred to, or listed on Schedule B annexed hereto and made a part hereof and all other assets of the Debtor hereafter specifically subjected to such lien as hereinbefore provided, together with all attachments, accessories, accessions and additions now or hereafter placed upon such assets by the Debtor, and any replacements thereof, and the rents, issues, income, profits and avails thereof, together with all products and proceeds of any of the foregoing (including, without limitation, claims of the Debtor against third parties for loss or damage to or destruction of any of such assets) (all hereinafter referred to as the "Collateral"). The grant effected by this paragraph and by the Assignment is not intended to conflict with the terms of the Indenture. To the extent that such a conflict is deemed to exist as to assets of the Debtor other than the Equipment and the Leases, the terms of the Indenture shall govern.

5. Debtor's Title; Liens and Encumbrances.

The Debtor represents and warrants that, except for liens, security interests and encumbrances referred to on Schedule C (if any) annexed hereto and made a part hereof, the Debtor is, or to the extent that this Agreement states that the Collateral is to be acquired after the date hereof, will be, the owner of the Collateral, having good and marketable title thereto, free from any and all liens, security interests, encumbrances and claims. The Debtor will not create or assume or permit to exist any such lien, security interest, encumbrance or claim on or against the Collateral except as created by this Agreement, and the Debtor will promptly notify the Agent of any such other claim, lien, security interest or other encumbrance made or asserted against the Collateral and will defend the Collateral against any such claim, lien, security interest or other encumbrance.

6. Location of Collateral and Records.

The Debtor represents and warrants that its chief place of business and the offices where its books and records are kept, are, and have been during the four-month period prior to the date hereof, located at the addresses set forth on Schedule D annexed hereto, and covenants that the Debtor will promptly notify the Agent of any change in the foregoing representation. The Debtor shall at all times maintain its records as to the Collateral at its chief place of business at the address referred to on Schedule D or as otherwise reflected on Schedule D with respect to records and at none other. The Debtor further covenants that except for Collateral delivered to the Agent, the Debtor will not store, use or locate

any of the Collateral at any place other than as listed on Schedule D hereto, except (i) inventory or locomotives or equipment of the Debtor having an aggregate value not in excess of One Million (\$1,000,000) Dollars in the ordinary course of business, or (ii) after giving the Agent 30 days' prior written notice thereof.

7. Perfection of Security Interest.

(a) The Debtor will join with the Agent at any time and from time to time in executing one or more financing statements pursuant to the Uniform Commercial Code or other notices appropriate under applicable law in form satisfactory to the Agent and will pay all filing or recording costs with respect thereto, and all costs of filing or recording this Agreement, any other Security Document or any supplement thereto or any other instrument, agreement or document executed and delivered pursuant hereto or to any of the agreements or instruments evidencing any of the Obligations (including the cost of all Federal, state or local mortgage, documentary, stamp, excise or other taxes), in each case, in all public offices where filing or recording is deemed by the Agent, in its reasonable judgment, to be necessary or desirable, upon the Agent's request (including, without limitation, the Interstate Commerce Commission). The Debtor hereby authorizes the Agent to take all reasonable action (including, without limitation, the filing of any Uniform Commercial Code Financing Statements or continuations or amendments thereto without the signature of the Debtor) which the Agent, in its reasonable judgment, may deem necessary or desirable, upon the Agent's request, to perfect or otherwise protect the liens and security interests created hereunder and to obtain the benefits of this Agreement.

(b) Promptly after the execution, delivery and recording of this Agreement and each supplement hereto, the Debtor will furnish to the Agent an Opinion of Counsel stating that, in the opinion of such counsel, this Agreement or such supplement, as the case may be, has been properly recorded and filed with the Interstate Commerce Commission in compliance with the preceding paragraph of this Section 7 and reciting the details of such action. The Debtor shall furnish to the Agent, not later than June 30 in each year, commencing with the year 1986, an Opinion of Counsel stating either that, in the opinion of such counsel, (i) such action has been taken with respect to the recording, filing and registering and re-recording, refiling and reregistering of this Agreement and each supplement hereto as is necessary to comply with the preceding paragraph of this Section 7 and reciting the detail for such action, or (ii) no such action is necessary for such purpose. In rendering any such opinion, such counsel may conclusively rely upon an Officer's Certificate as to the location of the Equipment.

8. General Covenants.

While the Commitments are in effect and until payment in full of the Notes and the performance of all of its Obligations, the Debtor represents, warrants, covenants and agrees as follows:

(a) The Debtor shall:

(i) furnish the Agent from time to time at the Agent's request written statements and schedules further identifying and describing the Collateral in such detail as the Agent may reasonably require;

(ii) advise the Agent promptly, in sufficient detail, upon learning of any substantial change in the Collateral, and of the occurrence of any event which would have a materially adverse effect on the value of the Collateral or on the Agent's security interest therein;

(iii) comply, and use its best efforts to cause each of the Lessees to comply, in all material respects, with all acts, rules, regulations and orders of any legislative, administrative or judicial body or official applicable to the Collateral or any part thereof or to the operation of the Debtor's business (including all laws of the jurisdictions in which operations involving the Equipment may extend, the interchange rules of the Association of American Railroads and all rules of the Interstate Commerce Commission), provided that the Debtor may contest any acts, rules, regulations, orders and directions of such bodies or officials in any reasonable manner which will not, in the Agent's opinion, materially adversely affect its rights or the priority of its security interest in the Collateral; and

(iv) promptly execute and deliver to the Agent such further reasonable deeds, mortgages, assignments, security agreements or other instruments, documents, certificates and assurances and take such further reasonable action as the Agent may from time to time request and may in its sole discretion deem necessary to perfect, protect or enforce its security interest in the Collateral or otherwise to effectuate the intent of this Agreement.

(b) Except as provided herein and in the Assignment, the Debtor will not assign, sell, lease, transfer, or otherwise dispose of or abandon, nor will the Debtor suffer or permit any of the same to occur with respect to, any Collateral, without prior written notice to and consent of the Agent, except for the sale or lease from time to time in the ordinary course of business of such items of the Collateral as may constitute inventory, and the inclusion of "proceeds" of the Col-

lateral under the security interest granted herein shall not be deemed a consent by the Agent to any sale or other disposition of any Collateral except as expressly permitted herein.

(c) The Debtor has made, and will continue to make, payment or deposit, or otherwise has provided and will provide for the payment, when due, of all taxes, assessments or contributions or other public or private charges which have been or may be levied or assessed against the Debtor, whether with respect to any Collateral, to any wages or salaries paid by Debtor, or otherwise, except to the extent that any such taxes, assessments or charges are being diligently contested in good faith and the Debtor has established appropriate reserves therefor, and the Debtor will deliver to the Agent, on demand, certificates or other evidence satisfactory to the Agent attesting thereto.

(d) The Agent shall, upon reasonable notice to the Debtor, at all times during normal business hours have free access to and right of inspection of the Collateral (to the extent that the Debtor is allowed such rights under any of the Leases applicable thereto) and any records pertaining thereto (and the right to make extracts from and to receive from the Debtor originals or true copies of such records and any papers and instruments relating to any Collateral upon request therefor).

(e) In its discretion, the Agent may, at any time and from time to time, for the account of the Debtor, pay any amount or do any act required of the Debtor hereunder and which the Debtor fails to do or pay, and any such payment shall be deemed an advance by the Agent to the Debtor payable on demand together with interest at the highest rate then payable on any of the Obligations.

(f) The Debtor agrees that if the Opinion of Counsel specified in Section 8(h) hereof shall not be delivered to the Agent as provided in said Section 8(h) or if, in the opinion of the Debtor, marking of one or more units of Equipment is required by law to properly protect the rights of the Agent in and to the Equipment, the Debtor will, as soon as practicable after determining that such marking is required or after January 1 in any year in which it fails to deliver the aforementioned Opinion of Counsel, arrange for the marking of each such unit of the Equipment in the following manner: there shall be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of each such unit a metal plate bearing the following words, or such words shall be otherwise plainly, distinctly, permanently and conspicuously marked on each side of such unit, in either case in letters not less than one inch in height:

THIS CAR IS MORTGAGED TO FLEET NATIONAL BANK AS AGENT UNDER A BRIDGE LOAN AND SECURITY AGREEMENT RECORDED UNDER SECTION 11303 OF THE INTERSTATE COMMERCE ACT.

Such plates or marks shall be such as to be readily visible and as to indicate plainly the Agent's interest in each unit of the Equipment.

In case, prior to the termination of this Agreement, any of such plates or marks shall at any time be removed, defaced or destroyed, the Debtor shall forthwith cause the same to be restored or replaced. The Debtor shall not change, or permit to be changed, the identifying numbers (as set forth on Schedule B hereto or in any supplement hereto) of any of the Equipment at any time covered hereby (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Agent by the Debtor and also filed and recorded in like manner as this Agreement.

The Equipment may be lettered, "ACF Industries, Incorporated", "Shippers Car Line", "ACFX", "SHPX", or in some other appropriate manner for convenience of identification of the ownership by the Debtor thereof, and may also be lettered in such manner as may be appropriate for convenience of identification of the leasehold interests therein of any of the Lessees under any of the Leases; but the Debtor, during the continuance of this Agreement, will not allow the name of any person to be placed on any of the Equipment as a designation which might be interpreted as a claim of ownership thereof by any person other than the Debtor, or as an indication of any lien or other encumbrance thereon (except the interests of the Lessees as aforesaid) other than the lien of this Agreement in favor of the Agent.

(g) Except as otherwise provided herein, the Debtor agrees that it will maintain and keep, or cause to be maintained and kept, all the Equipment in good order and proper repair.

(h) The Debtor covenants and agrees to furnish to the Agent, whenever required by the Agent and upon reasonable notice to the Debtor, and at least once, on or before June 30, in every calendar year commencing with the year 1986 and thereafter throughout the term hereof, (a) an Officer's Certificate, dated as of the preceding September 30, stating (1) the amount, description and numbers of all Equipment that may have become worn out, or that may have become unsuitable for use or lost or destroyed by accident or otherwise, or have been requisitioned, taken over or nationalized, in any such case since the date of the last preceding statement (or the

date of this Agreement in the case of the first statement), and (2) that in the case of all the Equipment repainted or repaired since the date of the last preceding statement (or the date of this Agreement in the case of the first statement) the plates or marks required by Section 8(f) hereof, if any, have been preserved, or that such Equipment when repainted or repaired has been again plated or remarked as required thereby and (b) an Opinion of Counsel to the effect that the marking of one or more units of Equipment as provided in said Section 8(f) is not required by law to properly protect the rights of the Agent in and to the Equipment. The Agent, by its agents, shall have the right once in each calendar year to inspect the Equipment at the then existing locations thereof.

(i) The Debtor further covenants and agrees to furnish to the Agent, whenever required by the Agent following and during the continuance of an Event of Default, an Officer's Certificate stating, as to each of the Leases then in effect, the name and address of the Lessee thereunder, the identifying number of each unit of the Equipment subject thereto, and the expiration date thereof, and also stating the identifying number of each unit of the Equipment not then subject to any of the Leases. Such information shall be kept confidential by the Agent and not disclosed to any third party other than a Bank.

(j) Except as provided in this Section 8(j), the Debtor will not assign or transfer its rights hereunder, or sell, assign, lease, transfer or otherwise dispose of, or subject to, or permit to become subject to, any mortgage, lien, pledge, charge, security interest or other encumbrance (other than the lien of this Agreement and other than the leasehold interests of the Lessees under the Leases as hereinbelow in this Section 8(j) provided) the Equipment or any part thereof, without the written consent of the Agent first had and obtained, which consent shall not be unreasonably withheld; and the Debtor shall not, without such written consent, except as hereinbelow in this Section 8(j) provided, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Equipment.

So long as no Event of Default shall have occurred and is continuing, the Agent shall not interfere with the Debtor's possession and use of the Equipment in accordance with the terms hereof, and the Debtor may also lease or contract to the Lessees under the Leases all or any part of the Equipment, but only upon and subject to all the terms and conditions of this Agreement, and to all rights of the Agent hereunder.

Any of the Leases may provide that the Lessee thereunder, so long as it shall not be in default under such Lease,

shall be entitled (subject to the rights of the Agent) to the possession of the Equipment included in such Lease and the use thereof, and, subject to the provisions of Section 8(f) hereof, may provide for lettering or marking upon such Equipment for convenience of identification of the leasehold interest of such Lessee therein. Every such Lease shall contain provisions which have the effect of subjecting the rights of the Lessee under such Lease to the rights of the Agent in respect of such Equipment, including, without limitation, such rights in the event of the happening of an Event of Default.

(k) (i) For the benefit of the Banks and the Agent, the Debtor shall comply with each of the covenants with respect to the Debtor set forth in each of Sections 5.1 through 5.9, 6.9, 7.1, 7.2 and 7.3 of the 1985 Loan Agreement (including, without limitation, those covenants incorporated by reference from the Indenture pursuant to Section 7.1 of the 1985 Loan Agreement) as in effect on the date hereof. Except as modified hereinafter, the provisions of each of such covenants (including the definitions contained in the 1985 Loan Agreement or the Indenture, as the case may be, of each of the defined terms used therein) are hereby incorporated in this Agreement verbatim to the same extent as if set forth in full herein, and for the purposes of this Agreement are not subject to alteration by any amendment, modification or supplement, consent or waiver relating to such covenants or definitions as in effect on the date hereof and, in any event, are not subject to extinction at any time prior to the payment in full of the Loans hereunder and interest thereon, whether upon termination of the 1985 Loan Agreement or the Indenture or otherwise.

(ii) Such covenants as so incorporated herein shall be modified and construed such that references to "Company" or "Borrower" shall be deemed to be references to the Debtor.

9. Insurance.

The Debtor shall maintain with responsible insurance companies, such insurance on such of its properties, in such amounts and against such risks as is customarily maintained by similar businesses.

10. Intentionally Deleted.

11. Events of Default.

If any one or more of the following events (herein called "Events of Default") shall occur for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or

pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), that is to say:

(a) if default shall be made in the due and punctual payment of the principal of, or any premium on, any Note, when and as the same shall become due and payable, whether at maturity or by acceleration or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Note, when and as such interest installment shall become due and payable;

(c) if default shall be made in the performance or observance of, or shall occur under, any covenant, agreement or provision contained in any agreement, instrument or document evidencing any of the Obligations and such default shall have continued for a period of ten days after notice thereof to the Debtor from the Agent or if any such agreement, instrument or document shall terminate or become void or unenforceable without the written consent of the Agent;

(d) if the Debtor or any of its Subsidiaries shall default in the payment of any principal, interest or premium with respect to any indebtedness for borrowed money or any obligation which is the substantive equivalent thereof (including, without limitation, obligations under conditional sales contracts, finance leases and the like) or under any agreement or instrument under or pursuant to which any such indebtedness or obligation may have been issued, created, assumed or guaranteed by the Debtor or any of its Subsidiaries and such default shall continue for more than the period of grace and shall not have been cured, if any, therein specified, or if any such indebtedness or obligation shall be declared due and payable prior to the stated maturity thereof;

(e) if any representation or warranty or any other statement of fact herein or in any writing, certificate, report or statement at any time furnished to the Agent or any of the Banks pursuant to or in connection with this Agreement, shall be false or misleading in any material respect;

(f) if the Debtor or any of its Subsidiaries shall generally not be paying its debts as they become due; file a petition or seek relief under or take advantage of any insolvency law; make an assignment for the benefit of its creditors; commence a proceeding for the appointment of a receiver, trustee, liquidator, custodian or conservator of itself or of the whole or substantially all of its property; file a petition or an answer to a petition under any chapter of the Bankruptcy Reform Act of 1978, as amended (11 U.S.C. Section 101 et seq.), or file a petition or seek relief under or take ad-

vantage of any other similar law or statute of the United States of America, any state thereof or any foreign country;

(g) if a court of competent jurisdiction shall enter an order, judgment or decree appointing or authorizing a receiver, trustee, liquidator, custodian or conservator of the Debtor or any of its Subsidiaries or of the whole or substantially all of its property, or enter an order for relief against the Debtor or any of its Subsidiaries in any case commenced under any chapter of the Bankruptcy Reform Act of 1978, as amended, or grant relief under any other similar law or statute of the United States of America, any state thereof or any foreign country; or if, under the provisions of any law for the relief or aid of debtors, a court of competent jurisdiction or a receiver, trustee, liquidator, custodian or conservator shall assume custody or control or take possession of the Debtor or any of its Subsidiaries or of the whole or substantially all of its property; or if there is commenced against the Debtor or any of its Subsidiaries any proceeding for any of the foregoing relief or if a petition is filed against the Debtor or any of its Subsidiaries under any chapter of the Bankruptcy Reform Act of 1978, as amended, or under any other similar law or statute of the United States of America or any state thereof or any foreign country and such proceeding or petition remains undismissed for a period of 60 days; or if the Debtor or any Subsidiary by any act indicates its consent to, approval of or acquiescence in any such proceeding or petition;

(h) if any judgment against the Debtor or any of its Subsidiaries or any attachment or execution against any of its or their property for any amount in excess of \$100,000 remains unpaid, unstayed or undismissed for a period of more than sixty days;

(i) if the Debtor shall terminate, or permit any Subsidiary to terminate, any employee benefit plan maintained by the Debtor or any Subsidiary so as to incur any liability to the Pension Benefit Guaranty Corporation established pursuant to ERISA; allow or suffer to exist any prohibited transaction involving any of such employee benefit plans or any trust created thereunder which would subject the Debtor or any Subsidiary to a tax or penalty on prohibited transactions imposed under Code Section 4975 or ERISA; fail to pay, or permit any Subsidiary to fail to pay, to any such employee benefit plan any contribution which it or such Subsidiary is obligated to pay under the terms of such plan; or allow or suffer to exist any occurrence of a reportable event, or any other event or condition, which presents a material risk of termination by the Pension Benefit Guaranty Corporation of any such employee benefit plan (as used herein, the terms "employee benefit plans" and "reportable event" shall have the respective mean-

ings assigned to them in ERISA, and the term "prohibited transaction" shall have the meaning assigned to it in Code Section 4975 and ERISA);

(j) The Debtor shall make or suffer any unauthorized assignment or transfer of any unit of the Equipment or of the right to possession of any thereof; or

(k) The Equipment, or any unit thereof, shall be attached, distrained or otherwise levied upon and such attachment, distraint or levy shall not be vacated within 10 days;

Then, in the case of an Event of Default described in clauses (f) or (g) above, the unpaid balance of the Obligations and all interest accrued thereon shall automatically (without any action on the part of the Agent and without presentment, demand, protest or notice or any kind, all of which are hereby expressly waived) forthwith become due and payable, and, in the case of any other Event of Default, then and in any such event, and at any time thereafter if such or any other Event of Default shall then be continuing, the Agent may, at its option, declare all of the Obligations to be due and payable, whereupon the maturity of the then unpaid balance of all of the Obligations shall be accelerated and the same, and all interest accrued thereon, shall forthwith become due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived, anything contained herein, in any of the other Security Documents or in any of the Notes to the contrary notwithstanding.

12. Collections and Proceeds.

(a) Upon the occurrence and during the continuance of any Event of Default, the Debtor will immediately upon receipt of all checks, drafts, cash or other remittances in payment for any Collateral sold, transferred, leased or otherwise disposed of, or in payment or on account of any Collateral consisting of contracts, contract rights, or general intangibles, deliver any such items to the Agent accompanied by a remittance report in form supplied or approved by the Agent, such items to be delivered to the Agent in the same form received, endorsed or otherwise assigned by the Debtor where necessary to permit collection of items and, regardless of the form of such endorsement, the Debtor hereby waives presentment, demand, notice of dishonor, protest, notice of protest and all other notices with respect thereto. All such remittances shall be applied and credited by the Agent first to satisfaction of the Obligations or as otherwise required by applicable law, and to the extent not so credited or applied, shall be paid over to the Debtor. Upon the occurrence and during the continuance of any Event of Default, any proceeds of the Collateral received by the Debtor shall not be commin-

gled with other property of the Debtor, but shall be segregated, held by the Debtor in trust for the Agent, and immediately delivered to the Agent in the form received, duly endorsed in blank where appropriate to effectuate the provisions hereof, the same to be held by the Agent as additional Collateral hereunder or, at the Agent's option, to be applied to payment of the Obligations, whether or not due and in any order.

(b) In its discretion, the Agent may, at any time and from time to time upon the occurrence and during the continuance of any Event of Default, in its name or the Debtor's or otherwise, notify any obligor of any contract, document, instrument, chattel paper or general intangible included in the Collateral to make payment to the Agent, and demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for, or make any compromise or settlement deemed desirable by the Agent with respect to, any Collateral, and/or extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, or release, any Collateral or Obligations, all without notice to or consent by the Debtor and without otherwise discharging or affecting the Obligations, the Collateral or the security interest granted herein.

13. Rights and Remedies on Default.

Upon the occurrence and during the continuance of any Event of Default:

(a) the Agent shall at any time thereafter have the right, with or without notice to the Debtor, as to any or all of the Collateral, by any available judicial procedure, or without judicial process, to take possession of the Collateral and without liability for trespass to enter any premises where the Collateral may be located for the purpose of taking possession of or removing the Collateral without notice or demand and with or without judicial procedure (said notice and demand, and also any right or action for trespass or damages hereby being waived), and, generally, to exercise any and all rights afforded to the Agent as a secured party under the Uniform Commercial Code or other applicable law;

(b) without limiting the generality of the foregoing, the Debtor agrees that the Agent shall have the right to sell, lease, or otherwise dispose of all or any part of the Collateral, whether in its then condition or after further preparation or processing, either at public or private sale or at any broker's board, in lots or in bulk, for cash or on credit, with or without warranties or representations, by one or more contracts, in one or more parcels, at the same or different times, with or without having the Collateral at the place of sale or other disposition, for cash and/or credit,

and upon any terms, at such place(s) and time(s) and to such person(s) as the Agent deems best, all without demand, notice or advertisement whatsoever except that where an applicable statute requires reasonable notice of sale or other disposition the Debtor hereby agrees that the sending of ten days' notice by first class mail, postage prepaid, to any address of the Debtor set forth in this Agreement shall be deemed reasonable notice thereof. If any Collateral is sold by the Agent upon credit or for future delivery, the Agent shall not be liable for the failure of the purchaser to pay for same and in such event the Agent may resell such Collateral. The Agent may buy any Collateral at any public sale and, if any Collateral is of a type customarily sold in a recognized market or is of the type which is the subject of widely distributed standard price quotations, the Agent may buy such Collateral at private sale and in each case may make payment therefor by any means. If any Collateral shall require rebuilding, repairing, maintenance, preparation, or is in process or other unfinished state, the Agent shall have the right, at its option, to do such rebuilding, repairing, preparation, processing or completion of manufacturing, for the purpose of putting the Collateral in such saleable or disposable form as it shall deem appropriate; and

(c) at the Agent's request, the Debtor shall assemble the Collateral and make it available to the Agent at such reasonable location which the Agent shall select, whether at the Debtor's premises or elsewhere, and make available to the Agent, without rent, all of the Debtor's premises and facilities for the purpose of the Agent's taking possession of, removing or putting the Collateral in saleable or disposable form. The proceeds of any such sale, lease or other disposition of the Collateral shall be applied first, to the expenses of retaking, holding, storing, processing and preparing for sale, selling, and the like, and to the reasonable attorneys' fees and legal expenses incurred by the Agent in attempting to collect the Obligations or enforce this Agreement or in the prosecution or defense of any action or proceeding related to the subject matter of this Agreement, and then to satisfaction of the Obligations, and to the payment of any other amounts required by applicable law, after which the Agent shall account to the Debtor for any surplus proceeds. If, upon the sale, lease or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Agent is legally entitled, the Debtor will be liable for the deficiency, together with interest thereon at the rate prescribed herein, and the reasonable fees of any attorneys employed by the Agent to collect such deficiency. To the extent permitted by applicable law, the Debtor waives all claims, damages and demands against the Agent and the Banks arising out of the repossession, removal, retention or sale of the

Collateral other than those resulting from the wilful misconduct or gross negligence of the Agent or the Banks.

14. Costs and Expenses.

Any and all reasonable fees, costs and expenses, of whatever kind or nature, including the reasonable attorneys' fees and legal expenses incurred by the Agent, in connection with the preparation of this Agreement and all other documents relating hereto and the consummation of this transaction, the filing or recording of financing statements and other documents (including all taxes in connection herewith) in public offices, the payment or discharge of any taxes, insurance premiums, encumbrances or otherwise protecting, maintaining or preserving the Collateral, the release or partial release of Collateral from the lien of this Agreement, or the enforcing, foreclosing, retaking, holding, storing, processing, selling or otherwise realizing upon the Collateral and the Agent's security interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions or proceedings arising out of or related to the transaction to which this Agreement relates, shall be borne and paid by the Debtor on demand to the Agent.

15. Power of Attorney.

The Debtor authorizes the Agent and does hereby make, constitute and appoint the Agent, and any officer of the Agent, with full power of substitution, as the Debtor's true and lawful attorney-in-fact, effective as of the date hereof but exercisable only upon the occurrence and during the continuance of any Event of Default, with power, in its own name or in the name of the Debtor, to endorse any notes, checks, drafts, money orders, or other instruments of payment (including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Agent; to sign and endorse any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts, and other documents relating to Collateral; to receive, open and dispose of all mail from Lessees addressed to the Debtor and notify the Post Office authorities to change the address for delivery of mail addressed to the Debtor to such address as the Agent may designate; to execute proofs of claim and loss; to pay or discharge taxes, liens, security interests or other encumbrances at any time levied or placed on or threatened against the Collateral; to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral or under insurance policies; and, generally, to do, at the Agent's option and at the Debtor's expense, all acts and things which the Agent reasonably deems necessary to protect, preserve and

realize upon the Collateral and the Agent's security interest therein in order to effect the intent of this Agreement all as fully and effectually as the Debtor might or could do; and the Debtor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof other than the wilful misconduct or gross negligence of the Agent. This power of attorney being coupled with an interest shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding.

16. Notices.

Unless otherwise specified herein to the contrary, any notice required hereunder shall be deemed duly given when actually delivered, or when mailed by certified or registered mail, return receipt requested, in each case to the address of the Debtor or the Agent specified above and to the address of each Bank specified on the signature page hereof or in such Bank's Joinder Agreement, as the case may be, or to any other address of such party of which the other party has been notified in like manner.

17. Other Security.

To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other person, firm, corporation or other entity, then the Agent shall have the right in its sole discretion to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Agent's rights and remedies hereunder. The Agent's prior recourse to any Collateral shall not constitute a condition of any demand, suit or proceeding for payment of the Obligations.

18. Pro Rata Shares.

Each Bank agrees that if it shall, through the exercise of a right of banker's lien, setoff, counterclaim or otherwise, obtain payment with respect to any Note which results in its receiving more than its pro rata share of the aggregate payments or reductions of all Notes, it shall be deemed to have simultaneously purchased from such other Banks a participation in the Notes held by such other Banks so that the amount of unpaid Notes and participations therein held by all Banks shall be pro rata. The Debtor expressly consents to the foregoing arrangements and agrees that any holder of a participation in a Note so acquired may exercise any and all rights of banker's lien, setoff, counterclaim or otherwise with respect to any and all moneys owing by such holder to the Debtor as fully as if such holder were a holder of a Note in the amount of such participation. If all or any portion of any

such excess payment is thereafter recovered from the holder which received the same, the purchase provided for herein shall be deemed to have been rescinded to the extent of such recovery, without interest.

19. Representations and Warranties.

In order to induce the Agent and the Banks to enter into this Agreement and to make the Loans as herein provided for, the Debtor makes the following representations and warranties which shall survive the execution and delivery of this Agreement and the Notes:

(a) The Debtor is a duly organized and validly existing corporation in good standing under the laws of the State of New Jersey, with perpetual corporate existence, and has the corporate power and authority to own its properties and to transact the business in which it is engaged or presently proposes to engage. The Debtor is duly qualified as a foreign corporation and in good standing in all states where its failure to so qualify would have a material adverse effect on its business or financial condition.

(b) Schedule 19(b) annexed hereto correctly sets forth the name of each Subsidiary in existence on the date hereof, its state of incorporation and a statement of the outstanding capitalization and the ownership of its stock. Each of the Subsidiaries is a duly organized and validly existing corporation and in good standing under the laws of its state of incorporation, and is duly qualified as a foreign corporation, and in good standing in all states where its failure to so qualify would have a material adverse effect on its business or financial condition.

(c) The Debtor has the corporate power to borrow and to execute, deliver and carry out the terms and provisions of this Agreement, the Notes and all instruments and documents delivered by it pursuant to this Agreement, and the Debtor has taken or caused to be taken all necessary corporate action (including, but not limited to, the obtaining of any consent of stockholders required by law or by the Articles or Certificate of Incorporation or bylaws of the Debtor or any Subsidiary) to authorize the execution, delivery and performance of this Agreement, the borrowings hereunder, the making and delivery of the Notes, and the execution, delivery and performance of the instruments and documents delivered by it pursuant to this Agreement.

(d) Neither the Debtor nor any Subsidiary is in default in any material respect under any indenture, mortgage, deed of trust, agreement or other instrument to which it is a party or by which it may be bound. Neither the execution and

delivery of this Agreement, the Notes or any of the instruments and documents to be delivered pursuant to this Agreement, nor the consummation of the transactions herein and therein contemplated, nor compliance with the provisions hereof or thereof will violate any law or regulation, or any order or decree of any court or governmental instrumentality, or will conflict with, or result in the breach of, or constitute a default under, any indenture, mortgage, deed of trust, agreement or other instrument to which the Debtor or any Subsidiary is a party or by which any of them may be bound, or result in the creation or imposition of any lien, charge or encumbrance upon any of the property of the Debtor or any Subsidiary thereunder (except for the liens provided for herein), or violate any provision of the Articles or Certificate of Incorporation, bylaws or any preferred stock provisions of the Debtor or any Subsidiary.

(e) This Agreement, the Notes and each of the other instruments and documents executed by the Debtor and delivered to the Agent or any of the Banks pursuant to this Agreement constitute the legal, valid and binding obligations of the Debtor and are enforceable in accordance with their respective terms; provided, however, that such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally.

(f) There are no actions, suits or proceedings pending, or to the knowledge of the Debtor threatened, against or affecting the Debtor or any Subsidiary before any court, arbitrator or governmental or administrative body or agency which might result in any material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Debtor and its Subsidiaries taken as a whole. Neither the Debtor nor any Subsidiary is in default in any material respect under any applicable statute, rule, order, decree or regulation of any court, arbitrator or governmental body or agency having jurisdiction over the Debtor or any Subsidiary.

(g) The consolidated balance sheet of the Debtor and its Subsidiaries as at December 31, 1984, and the related consolidated statement of income and surplus account of the Debtor and its Subsidiaries for the fiscal year ended on said date, including in each case the related schedules and notes, certified by Laventhol & Horwath, independent public accountants, and heretofore delivered to the Agent and the Banks, are all true and correct and present fairly (i) the financial position of the Debtor and its Subsidiaries as at the date of such balance sheet, and (ii) the results of the operations of the Debtor and its Subsidiaries for said fiscal year. The

consolidated balance sheet of the Debtor and its Subsidiaries as at September 30, 1985, and the related consolidated statement of income of the Debtor and its Subsidiaries for the nine month period ended on such date, including in each case the related schedules and notes, certified by the chief accounting officer of the Debtor and heretofore delivered to the Agent and the Banks, are all true and correct and present fairly, subject to normal recurring year-end audit adjustments, (i) the financial position of the Debtor and its subsidiaries as at such date, and (ii) the results of the operations of the Debtor and its Subsidiaries for such period. Neither the Debtor nor any of its Subsidiaries had any material direct or contingent liabilities as of such dates which are not provided for or reflected in such balance sheets or referred to in the notes thereto. All such financial statements have been prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved. There has been no material adverse change in the assets, liabilities, properties, business and condition, financial or otherwise, of the Debtor and its Subsidiaries since September 30, 1985.

(h) The Debtor and its Subsidiaries have filed all tax returns which are required to be filed, and have, except to the extent such taxes are being diligently contested in good faith and the Debtor has established appropriate reserves therefor, paid all taxes which have become due pursuant to such returns or pursuant to any assessment received by them.

(i) No action of, or filing with, any United States governmental or public body or authority (other than normal reporting requirements or filing of financing statements under the Uniform Commercial Code or the filing of this Agreement under the Interstate Commerce Act) is required to authorize, or is otherwise required in connection with, the execution, delivery and performance of this Agreement, the Assignment, the Notes, or any of the instruments or documents to be delivered pursuant to this Agreement.

(j) Neither the Schedules hereto, nor the financial statements referred to in Section 19(g), nor any certificate, statement, report or other document furnished to the Agent or any of the Banks by the Debtor in connection herewith or in connection with any transaction contemplated hereby, nor this Agreement contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein not misleading.

(k) The proceeds of the borrowings made pursuant to this Agreement will be used by the Debtor only for the purposes set forth in Section 2 hereof. None of the proceeds will be used, directly or indirectly, for the purpose of pur-

chasing or carrying any "margin stock" as such term is defined in Regulation U, as amended (12 C.F.R. Part 221) issued by the Board of Governors of the Federal Reserve System (the "Board") or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry margin stock or for any other purpose which might constitute any of the loans under this Agreement a "purpose credit" within the meaning (and interpretation of) of said Regulation U or Regulation X (12 C.F.R. Part 224) of the Board. Neither the Debtor nor any Subsidiary nor any agent acting in its or on their behalf has taken or will take any action which might cause this Agreement or any of the documents or instruments delivered pursuant hereto to violate any regulation of the Board or to violate the Securities Exchange Act of 1934.

(1) The Debtor is not an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended (15 U.S.C. Section 80a1, et seq.). Assuming the accuracy of the Banks' representations set forth in Section 21(i) hereof the acquisition of the Notes by the Banks, the application of the proceeds and repayment thereof by the Debtor and the performance of the transactions contemplated by this Agreement will not violate any provision of said Act, or any rule regulation or order issued by the Securities and Exchange Commission thereunder.

(m) None of the employee benefit plans maintained at any time by the Debtor or any Subsidiary or the trusts created thereunder have engaged in a prohibited transaction which could subject any such employee benefit plan or trust to a material tax or penalty on prohibited transactions imposed under Code Section 4975 or ERISA. None of the employee benefit plans maintained at any time by the Debtor or any Subsidiary which are employee pension benefit plans, or the trusts created thereunder, have been terminated; nor has any such employee benefit plan incurred any liability to the Pension Benefit Guaranty Corporation established pursuant to ERISA, other than for required insurance premiums which have been paid when due, or incurred any accumulated funding deficiency, whether or not waived; nor has there been any reportable event, or other event or condition, which presents a risk of termination of any such employee benefit plan by such Pension Benefit Guaranty Corporation. The present value of all accrued benefits under the employee benefit plans maintained at any time by the Debtor or any Subsidiary which are employee pension benefit plans did not, as of the most recent valuation date, exceed the then current value of the assets of such employee benefit plans allocable to such accrued benefits by more than Forty-One Million Dollars based upon the actuarial assumptions used in the plan. The consummation of any of the Loans will not involve any prohibited transaction. As used herein, the terms "employee benefit plan," "employee pension benefit plan," "accumulated funding deficiency," "re-

portable event," and "accrued benefits" shall have the respective meanings assigned to them in ERISA, and the term "prohibited transaction" shall have the meaning assigned to it in Code Section 4975 and ERISA.

20. The Agent.

(a) Each Bank irrevocably designates and appoints Fleet National Bank as the Agent of such Bank under this Agreement, the other Security Documents and each agreement, instrument or document evidencing any of the Obligations, and each Bank hereby irrevocably authorizes Fleet National Bank as the Agent for such Bank, to execute each agreement, instrument or document evidencing any of the Obligations and to take such action on its behalf under the provisions of such agreements, instruments and documents and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms hereof and thereof, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement or in any other document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Agent.

(b) The Agent may execute any of its duties under this Agreement, the other Security Documents and each other agreement, instrument or document evidencing any of the Obligations by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties.

(c) Neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable to any Bank for any action lawfully taken or omitted to be taken by it or such person under or in connection with this Agreement, the other Security Documents or any other agreement, instrument or document evidencing any of the Obligations (except for its or such person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any Bank for any recitals, statements, representations or warranties made by the Debtor or any officer thereof contained in this Agreement, the other Security Documents or in any other agreement, instrument or document evidencing any of the Obligations or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, the other Security Documents, the Notes or any other such agreement, instrument or document or for any failure of the Debtor to perform its obligations hereunder or thereunder. The Agent shall not be under any obligation to any Bank to as-

certain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, the other Security Documents or any other agreement, instrument or document evidencing any of the Obligations, or to inspect the properties, books or records of the Debtor.

(d) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper person or persons and upon advice and statements of legal counsel (including without limitation counsel to the Debtor), independent accountants and other experts selected by the Agent. The Agent may deem and treat the named payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement, the other Security Documents or any other agreement, instrument or document evidencing any of the Obligations unless it shall first receive such advice or concurrence of the Banks as it deems appropriate or it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement, the other Security Documents, the Notes and each agreement, instrument or document evidencing any of the Obligations in accordance with a request of the Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and all future holders of the Notes.

(e) The Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default hereunder unless the Agent has received notice from a Bank or the Debtor referring to this Agreement, describing such Event of Default and stating that such notice is a "notice of default". In the event that the Agent receive such a notice, the Agent shall give notice thereof to the Banks and consult with the Banks with respect to the action to be taken.

(f) Each Bank expressly acknowledges that neither the Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representation or warranties to it and that no act by the Agent hereinafter taken, including any review of the affairs of the Debtor or any other person, shall be deemed to constitute any representation or warranty by the Agent to any Bank. Each

Bank represents to the Agent that it has, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and credit-worthiness of the Debtor and made its own decision to make its loans under the Note issued to it and enter into this Agreement. Each Bank also represents that it will, independently and without reliance upon the Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and credit-worthiness of the Debtor. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, operations, property, financial and other condition or credit-worthiness of the Debtor or any other person which may come into the possession of the Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates..

(g) The Banks agree to indemnify the Agent in its capacity as such (to the extent not reimbursed by the Debtor and without limiting the obligation of the Debtor to do so), on a ratable basis, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Agent in any way relating to or arising out of this Agreement, any other Security Document, any other agreement, instrument or document evidencing any of the Obligations, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Agent under or in connection with any of the foregoing, provided that no Bank shall be liable for the payment of any portion of such liabilities, obligations, expenses or disbursements resulting solely from the Agent's gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the Obligations and all other amounts payable hereunder.

(h) The Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Debtor as though the Agent were not the Agent hereunder. With respect to loans made or renewed by it and any Note issued to it, the Agent shall have the same rights

and powers under this Agreement as any Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" shall include the Agent in its individual capacity.

(i) The Agent may resign as Agent upon ten days' notice to the Banks and the Debtor. If the Agent shall resign as Agent under this Agreement, then the Banks shall appoint a successor agent for the Banks which successor agent shall be approved by the Debtor, whereupon such successor agent shall succeed to the rights, powers and duties of the Agent under this Agreement and the other Security Documents, and the term "Agent" (as used herein and in any other documents or instruments executed in connection herewith) shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 20 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

(j) Unless the Agent shall have determined that immediate action is desirable in order to protect the interests of the Banks, the Agent shall consult with the Banks before exercising any remedies under each agreement, instrument or document evidencing any of the Obligations.

(k) Upon the occurrence and during the continuance of any Event of Default under paragraphs (f) or (g) of Section 11 hereof, or if the Agent shall declare the Obligations to be due and payable under Section 11 hereof upon the occurrence and during the continuance of any other Event of Default, then any payments made by the Debtor to any Bank or the Agent and any proceeds of Collateral received by the Agent or any Bank under any agreement, instrument or document evidencing any of the Obligations, shall be divided ratably between the Banks in proportion to their respective interests in the Obligations.

21. Miscellaneous.

(a) Beyond the safe custody thereof and its obligations as a secured creditor under applicable law, the Agent shall have no duty as to the collection of any Collateral in its possession or control or in the possession or control of any nominee of the Agent, or any income thereon or as to the preservation of rights against parties or any other rights pertaining thereto. The Debtor hereby releases the Agent and the Banks from any claims, causes of action and demands at any time arising out of or with respect to this Agreement (except

for Section 2 hereof), the Obligations, the Collateral and its use and/or any actions taken or omitted to be taken by the Agent with respect thereto, except for any actions taken or omitted to be taken due to the gross negligence or willful misconduct of the Agent, and the Debtor hereby agrees to hold the Agent and the Banks harmless from and with respect to any and all such claims, causes of action and demands.

(b) No course of dealing between the Debtor and the Agent, nor any failure to exercise, nor any delay in exercising, on the part of the Agent, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(c) All of the Agent's rights and remedies with respect to the Collateral, whether established hereby or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

(d) This Agreement shall be governed by the law of the State of New York applicable to contracts made and to be performed in such State. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

(e) This Agreement is subject to modification only by a writing signed by the Agent, the Banks and the Debtor.

(f) The benefits and burdens of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Debtor, the Agent and each of the Banks; provided, however, that the rights and obligations of the Debtor under this Agreement shall not be assigned or delegated without the prior written consent of the Agent, and any purported assignment or delegation without such consent shall be void.

(g) In the event that the Agent or the Banks shall retain or engage an attorney or attorneys to collect or enforce or protect its interests with respect to this Agreement, any other Security Document, any Note or any instrument or document delivered pursuant to this Agreement, or to protect the rights of any holder or holders with respect thereto, the Debtor shall pay all of the costs and expenses of such collec-

tion, enforcement or protection, including reasonable attorneys' fees, and the Bank or the holder of such Note, as the case may be, may take judgment for all such amounts, in addition to the unpaid principal balance of the Note and accrued interest thereon.

(h) The Debtor hereby waives trial by jury in any litigation in any court with respect to, in connection with, or arising out of this Agreement, or any Note, or any instrument or document delivered pursuant to this Agreement, or the validity, protection, interpretation, collection or enforcement thereof, or any other claim or dispute relating to this Agreement or the transactions contemplated hereby, between the Debtor, the Agent or any of the Banks; and the Debtor hereby waives the right to interpose any setoff or counterclaim or crossclaim in connection with any such litigation, irrespective of the nature of such setoff, counterclaim or crossclaim, unless such setoff, counterclaim or crossclaim could not, by reason of any applicable Federal or State procedural laws, be interposed, pleaded or alleged in any other action.

(i) The Debtor represents and warrants that neither the Debtor, nor any agent acting on its behalf, has, either directly or indirectly, offered any Note for sale to, or solicited any offer to buy the Note from, or otherwise negotiated in respect thereof with, anyone other than the Agent and the Banks, and agrees that no such offer to sell, or to buy any Note, or any solicitation thereof will be made to or with any person so as to bring the issuance or sale thereof within the provisions of Section 5 of the Securities Act of 1933, as amended. Each Bank represents and warrants that it is making the Loan made by it hereunder for its own account and not with any present intention of making any public offering or effecting any distribution of any Note, but such Bank reserves the right to transfer any Note (in accordance with applicable law) if, at any future date, such Bank shall deem it advisable to do so. The representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes.

(j) The Debtor hereby irrevocably consents to the jurisdiction of the Courts of the State of New York and of any Federal Court located in such State in connection with any action or proceeding arising out of or relating to this Agreement, any other Security Document, all or any of the Notes, or any document or instrument delivered pursuant to this Agreement. In any such litigation the Debtor waives personal service of any summons, complaint or other process and agrees that the service thereof may be made by certified or registered mail directed to the Debtor at 1370 Avenue of the Americas, New York, New York 10019.

(k) This Agreement may be executed by the parties hereto individually or in any combination, in one or more counterparts, each of which shall be an original and all of which shall together constitute one and the same agreement.

22. Term of Agreement; Release of Collateral.

(a) The term of this Agreement shall commence on the date hereof and this Agreement shall continue in full force and effect, and be binding upon the Debtor, until all of the Obligations have been fully paid and performed and such payment and performance has been acknowledged in writing by the Agent, whereupon this Agreement shall completely terminate. Upon such payment and performance, the Agent will promptly deliver to Debtor the written acknowledgment thereof referred to above.


(b) At any time and from time to time so long as an Event of Default is not continuing hereunder, the Agent shall take such actions as may be requested by the Debtor in order to release Collateral consisting of railroad rolling stock from the lien of this Agreement; provided, however, that in no event shall such Collateral be released from the lien hereunder if after such release the outstanding principal balance of the Loans would be greater than 85% of the Cost of Collateral

consisting of railroad rolling stock subject to the lien of this Agreement.

WITNESS the execution hereof as of the day and year first above written.

[CORPORATE SEAL]


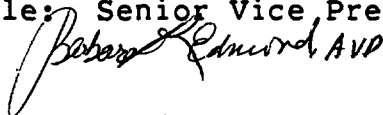
ACF INDUSTRIES, INCORPORATED

By 
Name: ROBERT J. MITCHELL
Title: TREASURER

Commitment:

\$10,000,000

FLEET NATIONAL BANK, in its individual capacity and as Agent

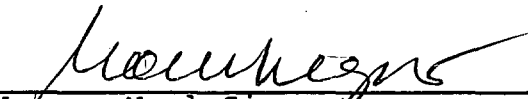
By 
Name: Dean T. Holt
Title: Senior Vice President
 AND

ACKNOWLEDGED AND AGREED:

DOLLAR DRY DOCK SAVINGS BANK

Commitment:

\$5,000,000

By 
Name: Noel Siegert
Title: First Vice President

SCHEDULE A TO BRIDGE LOAN, CHATTEL MORTGAGE
AND SECURITY AGREEMENT BETWEEN ACF
INDUSTRIES, INCORPORATED AND FLEET NATIONAL
BANK, INDIVIDUALLY AND AS AGENT

SCHEDULE B
TO
BRIDGE LOAN, CHATTEL MORTGAGE AND SECURITY AGREEMENT
BETWEEN
ACF INDUSTRIES, INCORPORATED
AND
FLEET NATIONAL BANK, INDIVIDUALLY AND AS AGENT

The property covered by this Bridge Loan, Chattel Mortgage and Security Agreement consists of: (a) all of the railroad rolling stock listed on Annex A hereto and all of the leases and agreements for use and all riders, amendments and supplements thereto relating to the railroad rolling stock listed on Annex A; and (b) all products and proceeds of any of the foregoing in whatever form, including, without limitation, any claims against third parties for loss or damage to or destruction of any or all of the foregoing and cash, negotiable instruments and other instruments for the payment of money, chattel paper, security agreements or other documents. The grant effected hereby is not intended to conflict with the terms of the Indenture. To the extent that such a conflict is deemed to exist as to assets of the Debtor other than the Equipment and the Lease, the terms of the Indenture shall govern.

ANNEX "A"

<u>Car Numbers</u>	<u>Date Built</u>	<u>Car Cost</u>	<u>AAR Des.</u>
39480 - 39491	11/85	\$ 549,864	C214
39553		\$ 45,572	
39555 - 39564		\$ 455,72	
39566		\$ 45,572	
39347	8/85	\$ 43,468	
39421 - 39422	9/85	\$ 89,110	
39436 - 39437	9/85	\$ 89,110	
39449 - 39460	10/85	\$ 445,272	
39461 - 39472	10/85	\$ 445,284	
38981 - 38984	8/85	\$ 184,352	
38986		\$ 46,088	
38988		\$ 46,088	
38990 - 38992		\$ 138,264	
38994 - 38995		\$ 92,176	
38997 - 38999		\$ 138,264	
39006		\$ 46,008	
39008 - 39027		\$ 921,760	
39029 - 39030		\$ 92,176	
39032 - 39034		\$ 138,264	
39036		\$ 46,088	
39038		\$ 46,088	
39040		\$ 46,088	
38980		\$ 46,659	
38985		\$ 46,659	
38987		\$ 46,659	
38989		\$ 46,659	
38993	8/85	\$ 46,659	
38996		\$ 46,659	
39000 - 39005		\$ 279,954	
39007		\$ 46,659	
39028		\$ 46,659	
39031		\$ 46,659	
39035		\$ 46,659	
39037		\$ 46,659	
39039		\$ 46,659	
39041 - 39058		\$ 839,862	
39059 - 39079		\$ 979,860	
39193 - 39242		\$ 2,262,900	LOC; C214
40301 - 40351		\$ 2,244,714	
40353		\$ 44,014	
40352	11/85	\$ 50,111	
40355 - 40392		\$ 1,904,218	
40394 - 40400		\$ 350,777	

<u>Car Numbers</u>	<u>Date Built</u>	<u>Car Cost</u>	<u>AAR Des.</u>
39473 - 39474	11/85	\$ 128,432	C614
39476		\$ 64,216	
39478		\$ 64,216	
51166 - 51170	11/85	\$ 336,730	
51172		\$ 67,346	
51174 - 51175		\$ 134,692	
51076	11/85	\$ 67,570	
51082			
51086			
51088			
51090			
51177	11/85	\$ 67,278	
51017 - 51023	7/85	\$ 454,822	
51024 - 51040	7/85	\$ 1,064,826	
71141 - 71160	10/85	\$ 861,780	T104
71230 - 71239	11/85	\$ 417,030	T105
71161	10/85	\$ 81,128	
71182	11/85	\$ 53,685	T106
71184 - 71186		\$ 161,055	

Total Cars 378

**SCHEDULE C TO BRIDGE LOAN, CHATTEL MORTGAGE
AND SECURITY AGREEMENT BETWEEN ACF
INDUSTRIES, INCORPORATED AND FLEET NATIONAL
BANK, INDIVIDUALLY AND AS AGENT**

Liens

None, except for liens, claims or encumbrances incurred in the ordinary course of the Debtor's business which do not in the aggregate have a material adverse affect on the business or financial condition of the Debtor.

**SCHEDULE D TO BRIDGE LOAN, CHATTEL MORTGAGE
AND SECURITY AGREEMENT BETWEEN ACF
INDUSTRIES, INCORPORATED AND FLEET NATIONAL
BANK, INDIVIDUALLY AND AS AGENT**

Chief Place of Business of the Debtor;
Offices where records are kept:

3301 Rider Trail South
Earth City, Missouri 63045-1393

All of the Collateral shall be stored, used or located within the forty-eight contiguous states of the United States of America; provided, however, that a portion of the Collateral may from time to time temporarily be in use in the Dominion of Canada in the ordinary course of business.

**EXHIBIT A TO BRIDGE LOAN, CHATTEL MORTGAGE
AND SECURITY AGREEMENT BETWEEN ACF
INDUSTRIES, INCORPORATED AND FLEET NATIONAL
BANK, INDIVIDUALLY AND AS AGENT**

JOINDER AGREEMENT

_____, 198__

[Name and address
of New Bank]

Gentlemen:

Reference is made to the Bridge Loan, Chattel Mortgage and Security Agreement, dated December 13, 1985 as amended to date, between, inter alia, ACF Industries, Incorporated and Fleet National Bank, individually and as Agent (the "Loan Agreement"). By signing in the space provided below, you agree from and after the date hereof to become a Bank under and as defined in the Loan Agreement and to be subject to the terms and conditions thereof, and each of us agrees that you shall have the rights and privileges of a Bank under and as defined in the Loan Agreement, to the same extent as if you had executed and delivered the Loan Agreement as of the date thereof, and Schedule A to the Loan Agreement shall be deemed to have been amended accordingly.

Your address for purposes of Section 16 of the Loan Agreement is:

This agreement may be executed by the parties hereto individually or in any combination in one or more counterparts, each of which shall be an original and all of which together shall constitute one and the same agreement. This agreement shall not become effective until it has been duly executed and delivered by each of the parties hereto.

Very truly yours,

ACF INDUSTRIES, INCORPORATED

By _____
Name:
Title:

FLEET NATIONAL BANK, in its
individual capacity and as
Agent

By _____
Name:
Title:

[EACH OTHER BANK]

By _____
Name:
Title:

ACKNOWLEDGED AND AGREED:

[NEW BANK]

Commitment:

By _____
Name:
Title:

\$ _____

**EXHIBIT B TO BRIDGE LOAN, CHATTEL MORTGAGE
AND SECURITY AGREEMENT BETWEEN ACF
INDUSTRIES, INCORPORATED AND FLEET NATIONAL
BANK, INDIVIDUALLY AND AS AGENT**

PROMISSORY NOTE

\$ _____

New York, New York
_____, 198__

FOR VALUE RECEIVED, the undersigned, ACF INDUSTRIES INCORPORATED, a New Jersey corporation (the "Borrower"), promises to pay to the order of _____, a

_____ (the "Bank"), the principal sum of _____ Dollars (\$ _____) (or such lesser amount as shall equal the aggregate unpaid principal amount of the Loans made by the Bank under and pursuant to the Loan Agreement referred to below) in lawful money of the United States of America, on demand (and in any event no later than December 31, 1986), and to pay interest on the unpaid principal amount hereof until maturity in like money at such office or place at a rate equal to one-half of one percent (1/2%) per annum in excess of the prime lending rate announced by Fleet National Bank from time to time as its prime rate of interest (the "Prime Rate"), which interest rate shall change when and as the Prime Rate shall change, and after maturity (whether by acceleration, demand or otherwise) at a rate equal to two and one-half percent (2-1/2%) per annum in excess of the Prime Rate (the "Post Maturity Rate"), which rate shall change as aforesaid; provided, however, that the Post Maturity Rate shall not become applicable hereto until two days after such date of maturity. Interest on this Note shall be payable in arrears monthly on the first day of each month commencing _____ 1, 198__, at maturity, and thereafter upon demand, and shall be calculated on the basis of a 360-day year and actual days. In no event shall the rate of interest on this Note exceed the maximum rate authorized by applicable law.

This Promissory Note is issued pursuant to a Bridge Loan, Chattel Mortgage and Security Agreement dated December __, 1985 (the "Loan Agreement"), between, inter alia, the Borrower and Fleet National Bank, individually and as Agent (in such capacity, the "Agent"). Reference is made to the Loan Agreement for required and optional payments and prepayments and rights of the holder hereof to accelerate the unpaid balance hereof prior to maturity.

This Promissory Note is secured by the Loan Agreement and the assignments and other agreements, instruments and documents referred to in the Loan Agreement, all as more par-

particularly described and provided therein, and is entitled to the benefits thereof.

The Borrower hereby waives diligence, demand, presentment, protest and notice of any kind, and assents to extensions of the time of payment, release, surrender or substitution of security, or forbearance or other indulgence, without notice.

The Bank has been authorized by the Borrower to record on the schedule annexed to this Promissory Note (or on a supplemental schedule thereto) the amount of each Loan made by the Bank under the Loan Agreement and the amount of each payment or prepayment of principal of each such Loan received by the Bank, it being understood however that failure to make any such notation shall not affect the rights of the Bank or the obligations of the Borrower hereunder or under the Loan Agreement in respect of such Loans.

Payments of both principal and interest on this Promissory Note are to be made to the Agent at its office at 111 Westminister Street, Providence, Rhode Island, or such other place as Agent hereof may from time to time designate, in lawful money of the United States of America in immediately available funds.

This Promissory Note may not be changed, modified or terminated orally, but only by an agreement in writing signed by the party to be charged.

This Promissory Note shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in such State, and shall be binding upon the successors and assigns of the Borrower and inure to the benefit of the Bank and its successors and assigns.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Promissory Note on the date first above written.

ACF INDUSTRIES, INCORPORATED

By _____
Name:
Title:

EXHIBIT C TO BRIDGE LOAN, CHATTEL MORTGAGE
AND SECURITY AGREEMENT BETWEEN ACF
INDUSTRIES, INCORPORATED AND FLEET NATIONAL
BANK, INDIVIDUALLY AND AS AGENT

FORM OF
SUPPLEMENT TO BRIDGE LOAN AND SECURITY AGREEMENT

SUPPLEMENT NO. _____
TO
SCHEDULE B
ANNEXED TO BRIDGE LOAN, CHATTEL MORTGAGE
AND SECURITY AGREEMENT
DATED DECEMBER 13, 1985
BETWEEN
ACF INDUSTRIES, INCORPORATED
("DEBTOR")
AND
FLEET NATIONAL BANK, INDIVIDUALLY AND AS AGENT ("AGENT")

WHEREAS, Debtor and the Agent entered into a certain Bridge Loan, Chattel Mortgage and Security Agreement dated December 13, 1985 (the "Loan Agreement") pursuant to which the Banks (as defined therein) agreed to lend certain sums to Debtor (the "Loans");

WHEREAS, pursuant to the Loan Agreement, Debtor is obligated from time to time to deliver to the Agent this Supplement to Bridge Loan, Chattel Mortgage and Security Agreement, and it is a condition precedent to the obligation of the Banks to make or maintain the Loans that Debtor shall execute and deliver to the Agent this Supplement to Bridge Loan, Chattel Mortgage and Security Agreement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

Schedule B to the Loan Agreement is hereby amended and supplemented by the addition thereto of the following described Collateral (as defined in the Loan Agreement) with respect thereto, which additional Collateral is to be covered by the Loan Agreement and the liens and encumbrances created thereby:

Car Number

Date Built

As a condition to the making of the Loans by the Banks, Debtor shall execute and deliver appropriate Uniform Commercial Code financing statements which reflect the additional Equipment and Leases referred to above.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be duly executed this ____ day of _____, 198__.

ACF INDUSTRIES, INCORPORATED

By _____
Name:
Title:

FLEET NATIONAL BANK, in its individual
capacity and as Agent

By _____
Name:
Title:

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this ____ day of _____, 198_, before me personally came _____, to me known, who being to me duly sworn, did depose and say that he resides at _____, that he is the _____ of ACF INDUSTRIES, INCORPORATED, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this ____ day of _____, 198_, before me personally came _____, to me known, who being to me duly sworn, did depose and say that he resides at _____, that he is the _____ of FLEET NATIONAL BANK, the bank described in and which executed the foregoing instrument; and that he signed his name thereto by order of the board of directors of said bank.

EXHIBIT D TO BRIDGE LOAN, CHATTEL MORTGAGE
AND SECURITY AGREEMENT BETWEEN ACF
INDUSTRIES, INCORPORATED AND FLEET NATIONAL
BANK, INDIVIDUALLY AND AS AGENT

SUPPLEMENT TO ASSIGNMENT OF LEASES

SUPPLEMENT NO. _____
TO
SCHEDULE I
ANNEXED TO ASSIGNMENT OF LEASES
DATED AS OF DECEMBER 13, 1985
BY
ACF INDUSTRIES, INCORPORATED
("ASSIGNOR")
TO
FLEET NATIONAL BANK, AS AGENT ("AGENT")

WHEREAS, Assignor and the Agent entered into a certain Bridge Loan, Chattel Mortgage and Security Agreement dated December 13, 1985 (the "Loan Agreement") pursuant to which the Banks (as defined therein) agreed to lend certain sums to Assignor (the "Loans");

WHEREAS, pursuant to the Loan Agreement, Assignor and the Agent entered into a certain Assignment of Leases dated as of December 13, 1985 (the "Assignment");

WHEREAS, pursuant to the Loan Agreement, the Assignor is obligated from time to time to deliver to the Agent this Supplement to Assignment of Leases and it is a condition precedent to the obligation of the Banks to make or maintain the Loans that Assignor shall execute and deliver to the Agent this Supplement to Assignment of Leases;

NOW, THEREFORE, the Assignor hereby agree as follows:

Schedule I to the Assignment of Leases is hereby amended and supplemented by the addition thereto of the following described railroad equipment lease agreements (the "Leases") and Assignor confirms that the Leases are to be covered by and assigned to the Agent pursuant to the Assignment:

Car Number

Contract Number

IN WITNESS WHEREOF, Assignor hereto has caused this
Supplement to be duly executed this ____ day of _____,
198____.

ACF INDUSTRIES, INCORPORATED

By _____
Name:
Title:

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this ____ day of _____, 198_, before me personally came _____, to me known, who being to me duly sworn, did depose and say that he resides at _____

_____, that he is the _____ of ACF INDUSTRIES, INCORPORATED, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this 13th day of December, 1985, before me personally came Robert Mitchell, to me known, who being to me duly sworn, did depose and say that he resides at 1370 Avenue B, The Americas, New York, New York 10019, that he is the Treasurer of ACF INDUSTRIES, INCORPORATED, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, and that he signed his name thereto by like order.

FREDERICKA J. GERMAN
Notary Public, State of New York
No. 03-4806208
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1986

Fredericka J. German

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On this 13th day of December, 1985, before me personally came Dean T. Holt, to me known, who being to me duly sworn, did depose and say that he resides at 7 Irving Avenue Providence, Rhode Island 02906, that he is a Senior Vice President of FLEET NATIONAL BANK, the bank described in and which executed the foregoing instrument; and that he signed his name thereto by order of the board of directors of said bank.

Fredericka J. German

FREDERICKA J. GERMAN
Notary Public, State of New York
No. 03-4806208
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires March 30, 1986